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1 September 1961

NSC REVIEWED 16 MAY 2007 NO OBJECTION TO DECLASSIFICATION AND

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Current Situation in Cyprus

CONCLUSIONS

In response to the President's memo on Cyprus and your request for our views on the situation, we have prepared this memo. Our conclusions are that Cyprus has a number of difficult problems -- constitutional, communal, and economic -- which will be with it for many years. Its critical problem, however, is the steadily growing strength of AKEL, the Communist Party, which will seriously threaten the government in a few years unless the island's present leaders improve their performance.

1. Cyprus has had little success in dealing with its major problems during its first year of independence. The country's inexperienced leaders, forced to devote their

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energies to learning how to run a government, have not fostered a sense of national purpose. Cyprus' complex and rigid constitution attempted to provide iron clad guarantees for the rights of the Greek and Turkish communities. In practice, it has tended to focus political activity on communal issues to the detriment of the development of a Cypriot outlook.

2. Jealousy and suspicion continue to govern relations between the 449,000 Greeks and the 105,000 Turks. Each community's constant striving for advantage with the complicated constitutional set-up has prevented the proper staffing of the civil service and the establishment in the five largest towns of separate communal administrative bodies. An association of former Greek resistance fighters has become more active. There is also a Turkish terrorist organization. Both groups have been smuggling arms into Cyprus over the past year. While the leaders of both communities have worked for communal harmony, they are under pressure from their own extremists and have only limited flexibility of action.

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3. Cyprus is also going through a period of economic difficulties. The heavy British spending in the emergency years -- which caused rapid, though uneven, economic growth -- has declined sharply, and no other source of funds has offset this loss. At the same time, the cumulative effects of a three-year drought have drastically reduced grain crops and forced the island to rely on imported foodstuffs. After considerable effort the government recently announced the outline of a five-year development program (1962-1966) costing nearly \$175,000,000. In addition to requiring \$80-90,000,000 in foreign aid -- about half of which the UK has agreed to provide -- Cyprus will also need technical and managerial assistance to implement the plan. The plan appears well conceived and if it can be financed and carried out, it probably will make possible moderate economic growth. Economic troubles are not, of themselves, likely to prove to be determining factors in the development of the situation in Cyprus.

4. A more serious problem facing the Makarios government is the slowly growing strength of AKEL, the well-organized

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and led Greek Cypriot Communist Party. AKEL, reluctant to oppose Makarios immediately after independence, reached an agreement with him by which it obtained five of the Greek communities' 35 seats in Parliament in the 1960 elections. AKEL is now estimated to control 30-40 percent of the Greek vote -- though virtually none of the Turks support the Communists. The greatest element of AKEL strength is its control of the 35,000 man Pan-Cypriot Federation of Labor (PEO). Well-organized and able to get benefits for the workers, it is only feebly opposed by the 15,000 man Cyprus Confederation of Workers (SEK). The latter is riven with factionalism and poorly led by men who know little or nothing about trade unions.

5. In the past few months Archbishop Makarios has taken some tentative steps to counteract AKEL's growing influence. He has encouraged the reorganization of his personal political vehicle, the Patriotic Front, in an attempt to make it a more effective political instrument. However, the Patriotic Front, is still poorly organized and lacks capable second-echelon leaders. While Makarios has also used his influence to restrain

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communal extremists he has generally avoided direct involvement in politics. He has so far failed to give badly-needed leadership to the non-AKEL groups. If AKEL is to be effectively fought, Makarios and his associates will have to take a more active and dynamic role than heretofore.

6. On the international scene, Cyprus is pursuing a policy of Western-inclined neutrality. It is a member of the Commonwealth and relations with Britain are fairly good, although the irritant of the British bases will continue indefinitely to provide a ready-made issue for AKEL as well as right-wing extremists to exploit.

Neither Greece nor Turkey has meddled very much in Cypriot internal affairs. Both, however, have been preoccupied with their own domestic affairs and have been slow to provide the military assistance they promised under the independence agreements and thus delayed the organization of the army, which could provide an element of stability. The Greek and Turkish Governments are desirous of seeing the

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Cypriot Government work, though both will remain alert to protect the interests of fellow Greeks and fellow Turks on the island.

7. Over the next year or so, Cyprus will continue to be plagued by communal tensions, labor problems, and economic troubles, but chances are better than even that none of these will critically threaten the new state's existence. Over the longer term AKEL poses the most serious threat. Unless steps are taken to provide a sense of national purpose and to arrest the steady Communist progress, AKEL will in time -- perhaps by the 1965 elections -- be able to hold the balance of power if not dominate the Cypriot Parliament.

FOR THE BOARD OF NATIONAL ESTIMATES:

SHERMAN KENT
Chairman

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(August 22, 1961)

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MEMORANDUM FOR:

THE SECRETARY OF STATE

Having read the Department's status report on the Cyprus situation, I am concerned over its gloomy tone. The inadequacies of the Makarios government, as contrasted with the discipline, energy, and able leadership of the local Communist Party, are most worrisome.

Perhaps we need some preventive medicine here to forestall further deterioration of this situation. Shouldn't we at a minimum push the UK, Greece, and Turkey to take a more forthcoming approach? Moreover, in view of their limited resources, we should carefully review our own policy of relying on these guarantor powers to shoulder the principal share of the Western burden.

Since Cyprus' real estate and strategic location are of considerable importance to us and to our allies, I would be grateful if the Department of State would advise me on what measures would best insure our holding on to it, including whatever use of US resources may be required.

/s/ John F. Kennedy

NATIONAL SECURITY ACTION MEMORANDUM NO. 71

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